

Message Text

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51

ACTION NEA-16

INFO OCT-01 ISO-00 L-03 AID-20 CIAE-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 DRC-01

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FM AMCONSUL LAHORE

TO USDOC WASHDC

INFO SECSTATE WASHDC 0046

AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

UNCLAS LAHORE 0846

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJ: MAJOR PROJECTS: LOCOMOTIVE SALES TO PAKISTAN RAILWAYS

REF: LAHORE 0766

SUMMARY: GENERAL MOTORS (US) SIGNED CONTRACT TO SELL
68 LOCOMOTIVES TO PAKISTAN RAILWAYS. SALE FINANCED
ENTIRELY BY GOP. SALE SHOULD PLACE US COMPANY IN
ADVANTAGEOUS POSITION TO MAKE FUTURE SALES AMOUNTING
TO OVER DOLS 225 MILLION TO PAKISTAN RAILWAYS. END SUMMARY.

1. MR. J. L. ROSE, MANAGER OF ELECTRO-MOTIVE PRODUCTS
DIVISION OF GENERAL MOTORS OVERSEAS CORPORATION, SIGNED
CONTRACT WITH PAKISTAN RAILWAYS (PR) IN LAHORE JUNE 12
FOR SALE OF 68 LOCOMOTIVES. CONTRACT FOR DOLS 29 MILLION
WAS SIGNED DESPITE LACK OF GM FINANCING WHEN GOP DECIDED
TO FINANCE LOCOMOTIVES ITSELF. ROSE WAS TOLD PURCHASE
WAS "VITAL CRASH PROGRAM" NECESSARY TO ECONOMIC SURVIVAL
OF COUNTRY, SO GOP COULD NOT AFFORD TO QUIBBLE OVER
FINANCING. GOP WILL ESTABLISH LETTER OF CREDIT WITH
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BANK OF AMERICA.

2. ROSE SAID GM DECIDED TO STICK WITH OFFER IT MADE IN FEBRUARY DESPITE STEADILY INCREASING COSTS BECAUSE OF POTENTIAL FOR FUTURE BUSINESS CONTRACT MIGHT BRING. (PR PLANS TO PURCHASE 525 LOCOMOTIVES IN NEXT 20 YEARS, 150 OFBY 1980. IT HAS CONTINGENCY PLANS TO PURCHASE TOTAL OF 900 LOCOMOTIVES.) HE NOTED THAT ORIGINAL TENDER HAD CALLED FOR 59 LOCOMOTIVES, AND SAID EXTRA 9 ENGINES HAD BEEN ADDED WHEN GOP HAD ENCOUNTERED DIFFICULTIES WITH FRENCH FIRM THAT WAS TO SUPPLY THOSE FEW.

3. ROSE THANKED CONGEN FOR ASSISTANCE AND ASKED THAT DON HENDERSON OF USDOC (SAD/OIM/DIEA) BE SENT SPECIAL WORD OF APPRECIATION FOR HIS SUCCESSFUL EFFORTS TO HELP AMERICAN FIRMS.
GRIFFIN

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